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High Tech Gamble, High Stakes Loss

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It sounded as if one of Walter Mitty's loftier flights of fancy had come true.

You, a government official, banker or corporate chieftain, walk into your office, sit down at your video terminal and punch a few buttons. The screen lights up and the last 24 hours' "take" of significant political and economic information affecting your interests flashes in front of you.

It already is carefully sorted and professionally analyzed. No more complicated searching of data base; no more extraneous material, for this is information in an area you have specifically selected, and it reaches you automatically. There is a keyboard for you to talk back and a printer to print out.

Behind the dream, across the Potomac in Crystal City and Fullerton, Va., lies the substance. Humming, state-of-the-art computers, rooms bathed in soft green light where optical scanners digest huge volumes of printed information, systems and software experts, translators and top-flight analysts, journalists and former senior government officials stand ready to serve you. World statesmen, such as Edward Heath and Robert S. McNamara, are part of the operation, ensuring impeccable quality control.

Beyond them, reaching into the far corners of the globe, scores of consultants and correspondents respond to your questions, giving you precisely what you need to know, when you need to know it. Shazaam! Your competitors might as well toss their Rolodexes into their briefcases and take early retirement.

Thus dreamed the men who created IRIS, which stands for International Reporting Information Systems, but also suggests the all-seeing eye and the fleet-footed Greek goddess of messengers.

IRIS was officially launched in November 1981. Fifteen months later it collapsed. During its short life it became more than a dream but something less than a reality; IRIS existed but it never went anywhere.

When the bottom line was examined in the Alexandria bankruptcy court, it was found that \$15 million had drained away, \$400 in revenue had come in (from an old-fashioned business consultation over lunch) and not a single client had been signed.

IRIS is the story of an enormously ambitious business venture put together by people on both sides of the Atlantic who thought they could cross new frontiers in the information world by using the latest communications technology.

The players were a diverse group, including the predominantly European investors whose "punting" money financed the venture, a former British prime minister and a former U.S. secretary of defense whose stature helped bolster its credibility, as well as senior officials recruited from the State Department and the CIA.

They helped make IRIS also a story of Washington, of the capital's growing magnetism in the world of information and communications technology, of the fascination the city holds for foreign governments, corporations and individuals alike, and of its bulging bureaucracies and its overachievers who, as they move into the fast lane, keep one eye on their peers and the other on greener fields to conquer.

The basic concept of IRIS was to gather, sort and analyze the vast amount of information floating around the world—thereby greatly increasing its value—and deliver it electronically to subscribers. The individual components of the service—news reporting and analysis, business consultancy and electronic publishing—were not new. Successfully combining them, and delivering the service to customers according to their prescribed needs, would have been a breakthrough.

IRIS computers, though they were large, were not unusual. What was special was the software, particularly the "syntactical algorithms," the brain of the software that enables the computer to "read" material and make key distinctions, say, between oil (petroleum) and cooking oil, or between Venetian blinds and blind Venetians. The software would sort the mass of information flowing hourly into the computer and direct it to IRIS clients on the basis of their specific needs built into the computer's programming. The key to the IRIS system was that, instead of you searching for the information, the information would be searching for you.

Thus a company interested in copper or oil would only receive information related to that subject. Similarly, a government, worried by the behavior of its neighbors, could profile itself to receive reports on those countries and nothing else. IRIS thus showed that it was conscious of the complaint that there was already too much information around.

IRIS began when David D'Ambrumenil, a London insurance broker, walked into Anthony Stout's downtown Washington office in the fall of 1979. Stout, a youthful, athletic-looking 43-year-old, is the founder and chairman of the National Journal, a much-praised Washington insiders' weekly focusing on government policy, and the Government Research Corp. (GRC), a business consultancy. Both operations were running reasonably well under the guidance of two efficient deputies, and Stout was bored.

D'Ambrumenil's proposition was simple and exciting. There was, he said, a large, unexploited market in the political risk insurance business. Underwriters lacked an independent and objective international information service on which to base premiums for corporations prepared to do